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UNITED STATES DEPARTMENT OF AGRICULTURE
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Part I - FOR ADMINISTRATIVE USE

AGRICULTURE AND NATIONAL DEFENSE

FILED

A PROGRAM DESIGNED TO CONVERT EVER-NORMAL GRANARY SUPPLIES into food which will assure ample supplies for increasing consumption in the U.S., and needs of nations resisting aggression, has been announced by Secretary Wickard. The program supports specifically production expansion for pork, dairy products, eggs and poultry.

PRINCIPAL STIMULUS IS PLAN TO SUPPORT PRICES of these products, through purchases by the Surplus Marketing Administration, at levels where the farmer can turn a reasonable profit. This support will continue until at least June 30, 1943. If the present price relationships hold, and taking seasonal price variations into account, the purchases will be made on the open market to support long term prices (Chicago basis) at levels approximately as follows: Hogs, \$9 per hundred-weight; dairy products (basis of butter per pound), 31 cents; chickens, 15 cents per pound; eggs, 22 cents per dozen. Contributory phases of the program announced also include:

CONTINUATION OF THE EXISTING CORN LOAN PROGRAM for 1941 and 1942.

CONTINUATION OF THE POLICY OF MAKING LOAN CORN AVAILABLE to producers at the loan rate plus certain carrying charges.

PRODUCERS IN COMMERCIAL CORN PRODUCING AREAS, who wish to do so, may increase corn acreage up to their normal acreage. These producers would not receive corn payments.

NO CORN MARKETING QUOTAS FOR 1941 CROP.

PRICE FIGURES QUOTED REPRESENT THE GENERAL, LONG-TERM LEVEL. If, during the flush period of production, egg prices go two or three cents a dozen under the 22-cent price, the slight downward trend will be considered normal. On the other hand, if prices were below the 22-cent price when prices are normally above the average for the year, SMA doubtless would make purchases to keep the general AVERAGE up to the 22-cent level.

THE PROGRAM CALLS FOR AN AVERAGE price at the level quoted which covers ALL GRADES AND QUALITIES. Again taking eggs as an example, the top grades probably will average considerably higher than the 22-cent level, while the lower grades may average out below that figure.

IN ANNOUNCING THE PROGRAM, SECRETARY WICKARD MADE IT PLAIN that the new program supplements, and does not in any way supplant, AAA's soil conservation program or crop quotas. The new program, of course, does not affect three of the principal surplus commodities--cotton, tobacco, and wheat (AAA is pushing plans for a marketing quota referendum on wheat May 31).

REASONS FOR THE PROGRAM ARE OBVIOUS. Under the lend-lease program the Department expects Great Britain and the other nations resisting aggression to call upon the U.S. for food stocks. Domestic demand for food also is increasing. It is expected that Great Britain will ask for such products as pork and lard, dried and evaporated milk, cheese, dried eggs, dried beans and dried fruits. All of these commodities represent the maximum in food value and a minimum of cargo space is required for shipping.

TIME IS NEEDED TO CHANGE OUR FEED RESERVES INTO FOOD RESERVES. In the meantime the supplies will be bought in such forms so that they will be as good three years from now as after three months. There will be three possible means of disposing of products bought under the program. First, supplies can be used in this country's direct relief distribution or free school lunch programs. Second, they can be sold to Britain or other countries under the lease-lend terms. Third, they can be turned over to the Red Cross for shipment to war refugee areas.

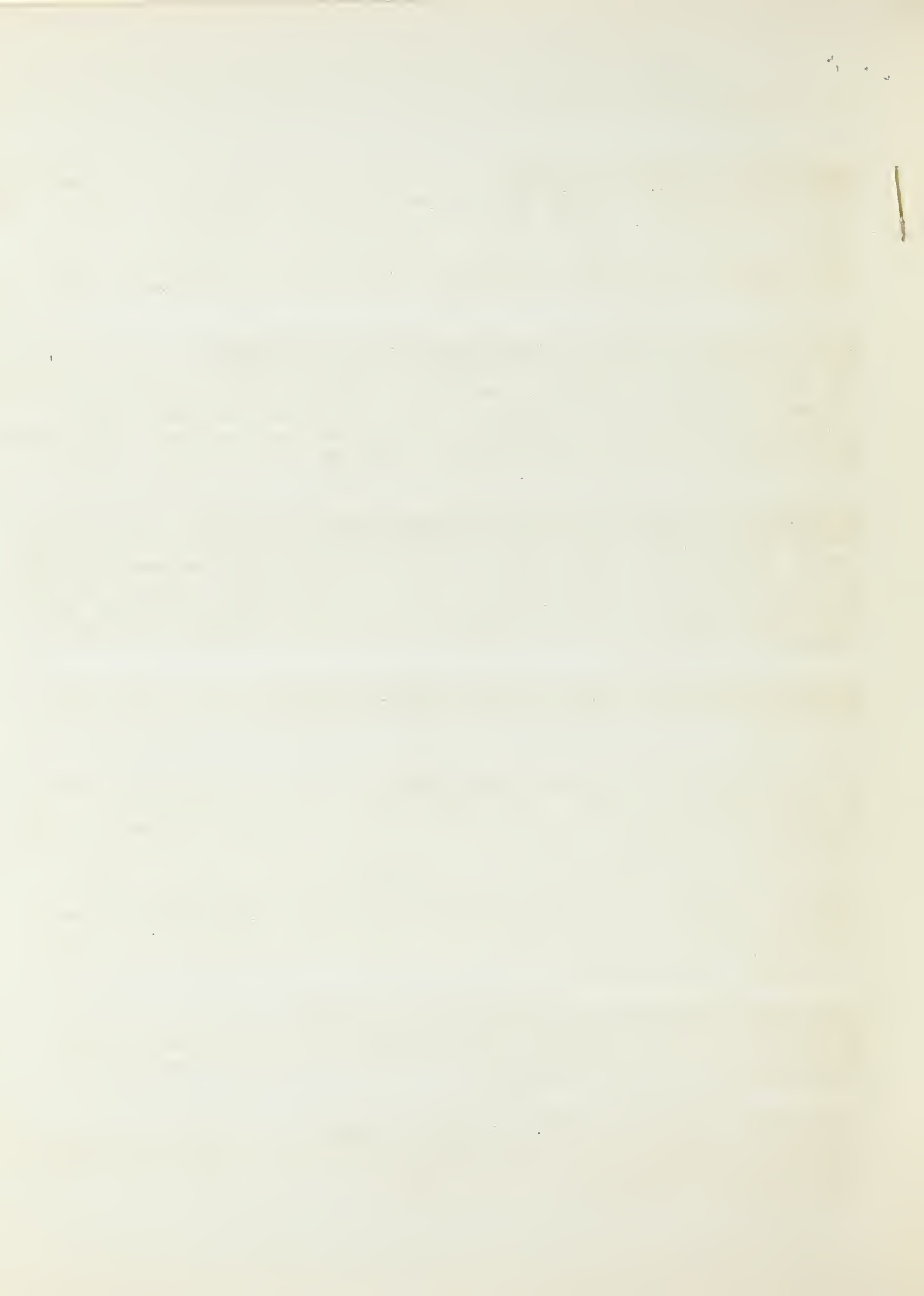
PROVISIONS OF THE AAA CORN ADJUSTMENT PROGRAM ARE BEING AMENDED to make larger corn acreages possible without severe reductions of AAA payments for farmers who need to increase their feed supplies. AAA committeemen will determine for each farm the "normal" or "usual" acreage, except in Pennsylvania, Maryland, Delaware, and Kentucky where the "usual" acreage already has been determined. The "usual" acreage will amount to about 143 percent of the acreage allotment previously determined for the farm.

WHEN THE FARMER PLANTS WITHIN HIS CORN ACREAGE ALLOTMENT he will earn a full conservation payment, a parity payment, and be eligible for a corn loan in the fall of 1941.

IF THE FARMER PLANTS UP TO THE "USUAL" ACREAGE to corn, he probably will exceed his corn allotment materially. The farm becomes a non-corn allotment farm, and the farmer must give up the parity payment and the privilege of placing the corn under loan. Conservation payment will be computed at the rate for general crops, instead of at the higher corn rate. No deductions will be made for payments earned for planting within other special allotments, such as wheat, or for adjusting his acreage of general soil-depleting crops or for carrying out soil-building practices. On farms where total soil-depleting allotments have been determined, these allotments will remain unchanged, and provisions for payments and reductions are unchanged.

IF THE FARMER EXCEEDS HIS CORN ALLOTMENT ONLY SLIGHTLY, his farm will remain a corn allotment farm and payments and reductions on his corn acreage will be computed at the regular rate for corn. He will not be eligible for the parity payment, however, or for the corn loan.

IF THE FARMER EXCEEDS HIS "NORMAL" OR "USUAL" ACREAGE, he forfeits not only his corn payments and loan privileges, but is subject to reductions from other payments at the full corn reduction rate of 50 cents per bushel on the normal yield of the acreage planted in excess of his usual acreage.



FIVE ARMY CAMPS WILL BE ENLARGED: The land acquisition division of the Soil Conservation Service has been instructed by the War Department to buy an additional 99,000 acres of land in the vicinity of five army camps, as follows: Pine Camp, New York, 75,000 acres; Fort Ethan Allen, Vermont, 2,000 acres; Fort Devens, Massachusetts, 2,000 acres; Fort Sill, Oklahoma, 5,000 acres; and Fort Bliss, Texas, 15,000 acres.

LAST BPI RUBBER SURVEY PARTY RETURNS: The last of the original field parties investigating rubber possibilities in Central and South America returned to Washington. This group, under the direction of O. D. Hargis, inspected prospective rubber areas in Panama, Costa Rica, Venezuela, Colombia, Haiti, and Santo Domingo.

COOPERATIVE RUBBER NURSERY STARTED IN HAITI: In cooperation with the Haiti Ministry of Agriculture, the USDA has started an experimental nursery in Haiti. The new station will be a "bud-wood increase garden" and will propagate rubber graftings, including an important shipment of clones now being brought to Haiti from the Philippine Islands by Prof. H. H. Bartlett.

SUMMARY OF FOREIGN DEVELOPMENTS: CHINA: Seven Soviet vessels are being overhauled and repaired in Shanghai drydocks apparently with a view to using them in the carrying trade between Far Eastern ports and Siberia. Soviet trade agencies in Shanghai have been making inquiries for substantial supplies from abroad of various commodities. In addition they have been purchasing miscellaneous manufactured and semimanufactured products from Shanghai stocks, particularly sole leather. The first of the Soviet vessels, now in drydock, is scheduled to leave shortly for Manila to load cargo for Siberia.

ARGENTINA: Arrangements for credit to Spain for the purchase of agricultural products are nearing completion. Indications are that the Spanish interest in the local power company, Compania Argentina de Electricidad, will be used as part of the security for the loan. Immediate shipment of wheat and meat to a value of 35 to 40 million pesos (\$10,000,000 to \$12,000,000) are contemplated.

UNITED KINGDOM: The Liverpool cotton futures and spot markets closed on March 31 for an indefinite period.

The Ministry of Food announced that cheese would be rationed, effective May 5, at one ounce per person per week for the general public and at 8 ounces per week for farm workers and miners.

Effective March 31 the adult meat ration was reduced to one shilling (20 cents) retail value per person per week. The seasonal decline in domestic cattle marketings is given as the reason for the reduction.

CANADA: Effective March 31 the excise tax on sugar payable by refineries to the Canadian Treasury was increased from one cent to two cents per pound.

